

STAR BOND ANNUAL REPORT – 2012

TO: The Honorable Sam Brownback
Susan Wagle, President of the Senate
Terry Bruce, Senate Majority Leader
Anthony Hensley, Senate Minority Leader
Julia Lynn, Chairperson, Senate Commerce Committee
Susan Wagle, Vice Chairperson, Senate Commerce Committee
Ray Merrick, Speaker of the House
Jene Vickrey, House Majority Leader
Paul Davis, House Minority Leader
Marvin Kleeb, Chairperson, House Commerce & Economic Development Committee

FROM: Pat George, Secretary of Commerce

PG

DATE: February 1, 2013

In accordance with K.S.A. 12-17,169(c), here is the annual report for projects funded with special obligation bonds or STAR bonds. K.S.A. 12-17,177(g) and 12-17,169(c) require that each city with a project financed with special obligations payable from state sales tax revenue to submit an annual report to the Secretary of Commerce. The Kansas Department of Commerce (Commerce) is then required to compile and transmit a report to the Governor and Legislature by February 1 of the following year. The annual reports from Unified Government of Wyandotte County (Attachment A), Topeka (Attachment B), Hutchinson (Attachment C), Wichita (Attachment D), and Manhattan (Attachment E) are included.

Cities that have issued STAR bonds are also required to have an audit conducted annually by an independent certified public accountant to determine whether STAR bond financing is being used for authorized purposes. Commerce has included the available audit reports (Attachment F).

The following provides status updates, as well as highlights from the annual reports and other STAR bond activities:

Wyandotte County

- The Legends of Village West retail and entertainment district continues to be the number one tourist attraction in Kansas with more than 10 million visitors annually. Overall sales were up 9.6% in 2012. Current occupancy for the center is 94%. The district has created more than 3,500 new jobs generating more than \$55 million in annual payroll, and contains more than \$950 million in combined public and private investment with annual sales of more than \$450 million. The Village West district continues to grow and added several new venues in 2012.
- The Kansas Speedway completed its 12th successful season of racing on October 21 with the Sprint Cup Series Hollywood Casino 400, the second year with two Sprint Cup events in the same season. More than \$300 million in local and state sales taxes have been generated by the Speedway/Village West project.
- Sporting KC, an 18,500 seat major multi-sport athletic facility continues to be the most innovative and fan-friendly venue for soccer matches in the country. It is home to the Major League Soccer's Sporting Kansas City. In addition to Sporting KC games, the site has hosted international friend matches, U.S. Open Cup and World Cup qualifying events. The total project cost was around \$414 million. The stadium created up to 2,430 net new full and part-time jobs and will generate approximately \$60 million in net new tax revenue over 30 years.
- Cerner has commenced construction on two office buildings as part of its plans to build a 600,000-square-foot office park and has committed to create up to 4,000 jobs with an average annual salary of \$65,000. Total annual economic impact of this project is estimated by the developer to exceed \$500 million.

Topeka

- Commerce approved \$10.46 million in STAR bonds for Heartland Park Racetrack which were issued in March 2006. Total redevelopment costs are estimated to be almost \$24 million. Phase 1 renovations to the racetrack and visitor amenities are complete. Additional improvements are planned to make Heartland Park a world

class race and entertainment facility. The city reported around \$1.5 million in sales tax revenue through December 31, 2012. Topeka issued these bonds as “full faith and credit” bonds and is responsible for debt service. The city has had to supplement the debt service payment. Commerce continues to work actively with the developer to increase revenue by enhancing the use of the track for all types of events.

Hutchinson

- The Kansas Underground Salt Museum was approved in July 2006. STAR bonds of \$4,810,000 were approved for the \$10.5 million unique destination development that includes a visitor’s center complex, underground museum with theatre and events center, an elevator that descends 650 feet underground, and related amenities. Attendance has met initial projections and sales tax revenue has continued to increase. Potential economic impact is estimated at more than \$36 million annually. Since the inception of the special sales tax district in August 2006, the total sales tax collected has been \$4.7 million. The bonds should be retired in 2014 based on current projections.

Manhattan

- The Flint Hills Discovery Center was issued \$50 million in bonds for a project worth more than \$108 million. The Discovery Center Museum opened last spring and has been very successful. The project includes a 30,000-square-foot discovery center and museum, hotel and conference center, restaurants, entertainment venues and a park area. Total economic impact includes more than \$160 million in capital investment, more than 1,200 construction jobs worth \$27 million in annual payroll, and more than 1,000 permanent full-time employees with annual payroll of more than \$21 million. Approximately \$19 million in sales tax has been collected from the district through December 31, 2011.

Wichita

- The Water Walk project involves redevelopment and revitalization of public space on the banks of the Arkansas River and includes the Keeper of the Plains monument

platform, pedestrian walkways, amphitheater promenade, fountains, waterfalls and an interactive water show. The Waltzing Waters Fountain and Plaza area was completed in 2012. Total project cost is approximately \$155 million and the project was approved for up to \$14.7 million in STAR bonds. The project brings 800,000 to 1 million new visitors annually to Wichita and produces more than 1,250 full-time jobs and annual retail sales of more than \$78 million. The State approved a STAR bond financing concept that will allow for more efficient funding for the project with STAR bond funding to be paid off in less than six years.

An update follows on projects that have been approved by the Secretary of Commerce:

Overland Park

- Commerce approved a STAR bond project for a major museum project in Overland Park called Prairiefire. Total project cost is estimated to be \$573 million and includes an American Museum of Natural History affiliated museum, a wetlands park, retail/entertainment development and prairie gardens. STAR bonds up to \$81,000,000 have been authorized and the first tranche of bonds was sold in December 2012. The project is expected to create more than 1,887 full-time equivalent jobs and up to 2,624 indirect and induced jobs. After completion, the project is forecast to bring 1.9 million new visitors to Overland Park and generate \$154 million in annual sales.

Wyandotte County

- The Schlitterbahn Vacation Village project consists of a major water park resort and related amenities. The water park opened in July 2009 and added six new major water attractions, including an award-winning King Kaw Rapids River, in 2012. No STAR bonds have been issued to date. More than \$178 million in private funds have been expended on the project to date. The Unified Government estimates visitorship increased in 2012.

Mission

- The City decided not to proceed with STAR Bond financing for this project.

Other STAR Bond Activities

- Commerce has had discussions with local officials regarding potential STAR bond projects in several cities.
- The agency is actively involved in amending the existing STAR bond regulations to better administer and implement the Act.
- The STAR Bond Act was extended by the 2012 Legislature until 2017.

I appreciate the opportunity to discuss these exciting projects and would be happy to respond to any questions or provide additional information.



County Administrator's Office

Dennis M. Hays, County Administrator

701 N. 7th St., Suite 945
Kansas City, Kansas 66101

Phone: (913) 573-5030
Fax: (913) 573-5540

September 28, 2012

Honorable Pat George
Secretary of Commerce
1000 S.W. Jackson St., Suite 100
Topeka, Kansas 66612

Re: 2012 STAR bond report

Dear Secretary George,

Pursuant to the requirements of K.S.A. 12-17, 169(c) (formerly 12-1771b) and K.S.A. 12-17, 177(g) (formerly 12-1774(d)), following is the 2012 report of activity related to the major tourism area known as Village West which is located in Kansas City, Kansas.

Primary projects

- All of the following primary projects stated in prior reports continue to operate successfully, which include the following:

<u>Project Name</u>	<u>Established</u>
Kansas Speedway	2001
Cabela's	2002
Nebraska Furniture Mart	2003
Community America Ballpark	2003
Great Wolf Lodge	2003
Chateau Avalon	2004
Legends Kansas City Outlets at Village West	2005
Livestrong Sporting Park	2011

New activity

- Legends Kansas City Outlets has reported a nine point six percent (9.6%) increase in overall sales from 2011. Management also reports an increase in visitor traffic by seven percent (7%) during the same period. The current occupancy rate for the center is 94 percent (94%). The following new activity has occurred during this reporting period:
 - Cole Haan, Charming Charlie, J Crew and Polo Outlet opened in late 2011 representing a combined total of nearly 48,000 sq ft of retail space.



County Administrator's Office

Dennis M. Hays, County Administrator

701 N. 7th St., Suite 945
Kansas City, Kansas 66101

Phone: (913) 573-5030
Fax: (913) 573-5540

- Uniform Destination, Crazy 8, White House/Black Market and Dress Barn opened as new stores in 2012 representing roughly 8,000 sq/ft of new retail space.
- In January, Chiusano's Brick Oven Pizza opened in the building formerly occupied by Ted's Montana Grill, while Chili's restaurant chain reopened its store in July 2012
- Casa Agave signed a lease agreement to open a Mexican cuisine restaurant in the former Grandma's Chicken location.
- Adidas Company store downsized into a smaller space and Jockey relocated to a new space.
- Nick n Willies Pizza, Palmer's Candies and Rack Room closed their stores in 2012, however two of the (3) vacant spaces were re-occupied by the new store openings referenced above.

Note: The Unified Government received verbal notification from Dan Lowe of RED Development that Morgan Stanley received a Notice of Default from its lender, indicating the management of the mall is in receivership. This process is ongoing at this time. It is also important to note however, that this pending legal matter has not affected the day-to-day operations of the shopping district as evidenced by the strong performance data reported for the evaluation period.

- **Legends 14 Theatre** located in the heart of the Legends Kansas City Outlets shopping center, upgraded each of its (14) auditoriums with digital projectors. This move is expected to align the facility with the industry shift towards high definition digital features and an enhanced the viewer experience for cinema patrons. In addition to the digital upgrades, seven (7) or one half of the theatre screens are also now equipped to play digital 3-D films. Flicks VIP Balcony Lounge, located on the third floor of the theatre for guests 21 or older, offers a premium movie-goer experience with reserved seating on the balcony level of the Main Attraction, at-your-seat-service as well as a full bar and food menu. Unified Government officials were given a tour of the theatre facility to inspect the recent upgrades and improvements.
- **Cerner** began construction on phase I of its 600,000 square foot class (A) office park this year. The company has decided to break ground on phase II of the project, approximately 18 months ahead of the original schedule. This development is projected to bring approximately 4,000 new jobs to the state of Kansas.



County Administrator's Office

Dennis M. Hays, County Administrator

701 N. 7th St., Suite 945
Kansas City, Kansas 66101

Phone: (913) 573-5030

Fax: (913) 573-5540

- **Kansas Speedway** will complete its twelfth successful year of racing on October 21st with the Sprint Cup Series Hollywood Casino 400. 2012 marks the second consecutive year Kansas Speedway will host (2) Sprint Cup event weekends. A track reconfiguration and road surface replacement project was recently completed. The improvements include progressive banking to the turns and the addition of a road course in the infield. Kansas Speedway officials recently announced the return of Kansasrocksas Music Festival in June 2013. The inaugural event was hosted in summer of 2011 and drew close to 50,000 music fans over the 2-day festival.
- **98th Street, State Avenue to France Family Drive:** Construction is underway on the restoration of 98th Street on a new alignment from State Avenue to France Family Drive. The original 98th Street was removed to make way for the Schlitterbahn Vacation Village. The new alignment is compatible with the future retail phases of the project. This \$6M project will include pavements, storm sewer, some utility completions and sidewalks, limited intersection improvements at State Avenue and 98th, and sidewalk along the north side of State Avenue from 98th to 94th.

Other activity

- **LIVESTRONG Sporting Park** began its second year of operations in 2012. This destination facility while primarily serving as the home stadium for the MLS Sporting Kansas City soccer team, hosted more than 170 events during the reporting period. In addition to international friend matches, US Open Cup and World Cup qualifying, the stadium played host to high school soccer and lacrosse tournaments, music festivals and concerts. The facility also made regular use of its event and office space by booking several dozens of charity sponsored events as well as local, state and federal government trainings and retreats.
- While this development project is not included in any of the STAR Bond project areas **Hollywood Casino at Kansas Speedway** located to the South of Cerner and Village West, opened successfully in February of this year. This new 245,000 sq/ft facility created an estimated 1,000 new jobs and likely contributing to the overall traffic volume at the surrounding destination district.



County Administrator's Office

Dennis M. Hays, County Administrator

701 N. 7th St., Suite 945
Kansas City, Kansas 66101

Phone: (913) 573-5030
Fax: (913) 573-5540

- Located in an adjacent tourism area next to Village West, the **Schlitterbahn Vacation Village** is an approved Redevelopment District. The 2012 season marked the debut of six new major water attractions, which allowed the water park to double in size from its initial 2009 opening. One of those new attractions resulted in Schlitterbahn Kansas City receiving international recognition from Amusement Today's Golden Ticket Awards naming the King Kaw Rapids River as the World's Second Best New Waterpark Ride. Schlitterbahn officials reported a 9 percent increase in traffic between 2010 and 2011. Figure totals for the 2012 season which concluded on 9/3/12 have not been reported. However, with the \$5M expansion which includes several new water attractions, Cabana Village and guest amenities combined with the record-breaking temperatures recorded this summer suggest a reasonable expectation for a moderate increase in visitor traffic and revenues for the water park over the previous year.

Future Uses of Funds

- **State Avenue and Village West Interchange:** The Unified Government has retained the services of a consulting firm to develop design concepts for improvements to the intersection at State Avenue & Village West Pkwy. It is anticipated that the existing intersection will be replaced with a grade-separate interchange or similar alternative. Preliminary design is underway at this time and a specific interchange design will be selected by early 2013.

STAR Bond Refunding

On 9/20/2012, the Unified Government Commission adopted a resolution authorizing the issuance of Sales Tax Special Obligation Revenue Refunding Bonds (Redevelopment Project Area B), subordinate lien series 2012, in an amount not to exceed \$15,000,000 for the purpose of providing funds to refund the series 2001 bonds. This refunding will reduce the interest rate from (5) percent to an estimated (1.65) percent, resulting in a projected present value savings of \$2,300,000 or 13 percent.



County Administrator's Office

Dennis M. Hays, County Administrator

701 N. 7th St., Suite 945
Kansas City, Kansas 66101

Phone: (913) 573-5030
Fax: (913) 573-5540

Annual Audit

- The annual audit of the STAR bond projects is completed and the findings are attached hereto.

Attachments

- The following reports and schedules are attached for your review:
 - Independent Accountants Report of Allen, Gibbs & Houlik, L.C.
 - Current tenant listing for the Legends
 - Village West Sales, Use, Transient Guest tax Distributions
 - 2011 KDOR Monthly Sales and Use Tax Distributions
 - KDOR Annual Sales and Use Tax Distributions
 - Continuing Disclosure Report for period ending 12/1/11
 - Continuing Disclosure Report for period ending 6/1/12
 - Debt Service Schedule for Series 2001
 - Debt Service Schedule for KISC Series 1999
 - Debt Service Schedule for Series 2004
 - Debt Service Schedule for 1st & 2nd Lien Series 2005A-C
 - Major Multi-Sport Athletic Complex Subordinate Lien Series 2010B

The STAR bond tool continues to be an overwhelming success for economic growth and development in the State of Kansas and Wyandotte County as evidenced by being named the #1 tourist attraction in the State of Kansas, and drawing over an estimated 12 million visitors annually.

If you require any additional information regarding any of these projects, please feel free to contact us.

Sincerely,

Douglas G. Bach
Deputy County Administrator



CITY OF TOPEKA

FINANCIAL SERVICES
Pam Simecka, CPA, CGFM
Finance Director/Controller
City Hall, 215 SE 7th Street, Suite 358
Topeka, KS 66603-3914
Tel: (785) 368-3970

Email: psimecka@topeka.org
Fax: (785) 368-3975
www.topeka.org

October 10, 2012

Robert North
Kansas Department of Commerce
1000 SW Jackson Street, Suite 100
Topeka, Kansas 66612-1354

RECEIVED

OCT-12 2012

COMMERCE LEGAL

Re: \$10,405,000 City of Topeka, Kansas Full Faith and Credit STAR Bond, Series 2006-A (Heartland Park)

Mr. Robert North,


The City respectfully delivers the enclosed annual report on the Heartland Park Topeka redevelopment project, the major motor sports complex in Shawnee County, which is financed in part from STAR Bond proceeds. Please note that this project is also financed in part with proceeds of the City's previously issued general obligation bonds.

The City has made arrangements with an independent audit firm to audit the redevelopment project and the use of STAR Bonds proceeds, in accordance with statutory requirements. The audit report is included in this mailing.

As you will see in the attached documentation, through July 31, 2012, the City has provided a total of \$16,090,959 from STAR and general obligation bond proceeds to pay for authorized project expense. The developer has provided \$214,349 and \$1,143,862 was spent from federal grants. The attached report categorizes the types of project expenditures for which bond proceeds have been spent, and also indicates the status of those projects.

Once you have an opportunity to review our report and the supporting documentation, please do not hesitate to contact me if you have questions or concerns.

Sincerely,


Pam Simecka, Finance Director

Encl.

CC:

City Manager Jim Colson
Ray Irwin, CEO Heartland Park Topeka

City of Topeka, Kansas

Annual Report to the Kansas Secretary of Commerce

**For the Major Motor-Sports Complex
Redevelopment Project**

**Financed by City of Topeka Full Faith and Credit
STAR Bonds
Series 2006-A (Heartland Park)**

October 10, 2012

This report is prepared pursuant to K.S.A. 12-1774 (d). Information submitted in this report was compiled from the records of the City of Topeka, for transactions completed through July 31, 2012, in conjunction with the City's redevelopment project commonly known as Heartland Park.

DESCRIPTION OF PROJECT STATUS

On November 29, 2005, the City issued its Taxable General Obligation Bonds, Series 2005-C (Heartland Park) in the aggregate principal amount of \$5,070,000, to finance a portion of the costs of the Heartland Park redevelopment project. On March 30, 2006, the City issued \$10,405,000 principal amount of Full Faith and Credit STAR Bond (Series 2006-A) also to finance a portion of the costs of Heartland Park redevelopment project. In February 2007, the City Council passed Ordinance 18813, which allocated \$750,000 in general obligation bonds for a drag strip improvement to the Heartland Park area. This shifted \$750,000 from the private funds to the City's portion of the project. The components of the project, and their estimated percentages of completion at July 31, 2012, are presented in *Tables 1, 2, and 3* below. No additional capital expenditures have been made in the last year.

Please note that the amounts shown in each table in the columns headed *Estimated Total Costs*, *Payments Through 7/31/2012*, and *Estimated % Complete* are not independently audited numbers. The *Estimated Total Costs* numbers are derived from the originally approved project estimates, with slight revisions. The City did have an independent audit done. The payments made to date were derived from other sources in addition to STAR Bond proceeds, to pay for components of the redevelopment project taken as a whole.

The project funding sources include:

• The City's general obligation bonds	\$ 5,860,114
• STAR Bond proceeds	10,458,628 [†]
• Federal funding	3,500,000
• Private funds	<u>2,791,372</u>
Total Anticipated Funding Sources	<u>\$22,610,114</u>

As you will see in the tables below, Mr. Irwin's estimate of total redevelopment project costs is \$23,705,000. Of that amount, \$15,220,000 represents Phase I development, as detailed in *Table 1*; Phase II development is expected to cost \$7,300,000, as shown in *Table 2*; and \$1,185,000 in additional projects are also planned, as seen in *Table 3*.

[†] This number is the par value of the bonds plus net premium.

Table 1—Phase I project components

Description of Project Component	Estimated Total Cost	Payments Through 7/31/12	% Complete
Drag race and road course tracks asphalt replacement	\$2,050,000	\$2,248,821	82%
Repair and resurface all asphalt paddock/pit areas (about 45 acres)	3,500,000	2,392,208	100%
Consolidated timing and scoring building with areas for race and steward control	1,600,000	1,433,167	100%
Garages for competitors	900,000	819,923	100%
Consolidated technical inspection and shower building	900,000	796,055	100%
Maintenance building	500,000	566,727	100%
Credentials and security building	230,000	206,095	100%
Tire building	500,000	566,954	100%
Pavilions	300,000	353,946	100%
Landscaping and beautification	275,000	415,655	69%
Paddock lighting, public address, and Telco systems	650,000	533,375	89%
Perimeter fencing, curbing, and walls	400,000	660,701	100%
Engineering & architect fees	700,000	1,063,346	100%
Excavating and other work	1,465,000	2,115,216	94%
Project soft costs (include payment of capitalized interest)	1,250,000	951,088	79%
Total	\$15,220,000	\$15,123,277	

Table 2—Phase II project components

Description of Project Component	Estimated Cost	Payments Through 7/31/12	Estimated % Complete
Repair roads on property	\$1,350,000	\$984,487	73%
Commerce Park development	1,500,000	none	0%
Concessions/Souvenirs/Medical facility	1,500,000	147,403	10%
Spectator entrance bridge	350,000	none	0%
TEC building	750,000	312	0%
Tower improvements and fan amenities	500,000	33,683	7%
Engineering and architect costs	600,000	4,105	0%
Excavation work	750,000	none	0%
Total	\$7,300,000	\$1,169,990	16%

Table 3 – Additional project components

Description of Project Component	Estimated Cost	Payments Through 7/31/12	Estimated % Complete
RV & camping amenities	750,000	258,335	48%
City water pump station	300,000	201,852	100%
Additional excavation work	135,000	135,000	100%
Drag Strip	750,000	560,717	100%
Total	\$1,935,000	\$1,155,904	

EXPENDITURES OF STAR BOND PROCEEDS TO DATE

The amount of STAR Bond proceeds spent to date totals \$10,458,628, which is less than 50% of the total estimated cost of the redevelopment project. To date, an additional \$6,990,543 has also been spent on the project from revenue sources other than STAR Bond proceeds. There have been no additional funds were expended within the last year.

EXPECTED FUTURE EXPENDITURES OF STAR BOND PROCEEDS

The principal amount of STAR Bond proceeds was \$10,405,000. The bonds were sold at a net premium of \$53,628.35, yielding a total for project expenditures of \$10,458,628.35. That entire amount has been spent on the project.

City of Topeka, Kansas
Annual Report on Redevelopment Project
October 10, 2012
Page 5

	Total Debt Service	Capitalized Interest	State Sales Tax Monies	Local Sales Tax Monies	City Bond & Interest Fund	Totals
8/15/2006	172,139.53	172,139.53				172,139.53
2/15/2007	229,519.38	229,519.38				229,519.38
8/15/2007	229,519.38		176,618.83	52,900.55		229,519.38
2/15/2008	229,519.38		84,485.33	63,824.82	81,209.23	229,519.38
8/15/2008	229,519.38		98,207.36	20,452.49	110,859.53	229,519.38
2/15/2009	229,519.38		99,580.96	48,436.27	81,502.15	229,519.38
8/15/2009	479,519.38		111,904.06	45,256.69	322,358.63	479,519.38
2/15/2010	222,644.38		119,701.90	49,199.15	53,743.33	222,644.38
8/15/2010	479,519.38		117,488.33	58,336.41	303,694.64	479,519.38
2/15/2011	215,356.88		174,933.04	40,423.84	-	215,356.88
8/15/2011	495,356.88		179,034.66	60,452.94	255,869.28	495,356.88
2/15/2012	101,620.82		101,620.82			
8/15/2012	516,150.00		104,239.01	86,406.63	325,504.36	516,150.00
	<u>\$ 3,829,904.15</u>	<u>\$ 401,658.91</u>	<u>\$ 1,367,814.30</u>	<u>\$ 525,689.79</u>	<u>\$ 1,534,741.15</u>	<u>\$ 3,728,283.33</u>

*includes City of Topeka, Shawnee County and Washburn University
** Debt Service includes August Principal Payment

As of August 31, 2012 the City has had to supplement the debt service payments for Heartland Park STAR bonds by \$1,534,74.15. The City does not believe the special sales tax will be able to pay the debt service, and the City will have to use other revenue sources to pay off the debt.

FEDERAL GRANTS

In 2007, Heartland Park received a HUD Economic Development Initiative Grant through the Chamber of Commerce for \$198,000. \$188,100 went to Heartland Park construction project and \$9,900 went to administrative cost for HND of the City.

In 2008 the City and Heartland Park did receive a Small Business Administration grant for a million dollars to repair and reconstruct roads on Heartland Park grounds. As of July 31, 2011 \$955,762.26 had been spent on Heartland Park road construction and \$25,495.13 went to administrative cost for HND of the City (non qualifying expenses). This grant is now closed.

No new grants were obtained in the 2012 year.

HPT Renovation Project Status and Projections									
Item Description	Cost Estimate	Payments to Date		7/31/2011		Estimated to Complete		Projected Totals	(Over)/Under Estimate
		City/STAR	HPT	Grants	Status				
		7/31/2011	7/31/2011	7/31/2011					
Phase I									
Race Asphalt Replacement (Drag & Road Course)	2,050,000	1,961,616.61	99,104	188,100	82%	488,710		2,737,531	(\$687,531)
Paddock/pt Asphalt repair (all)	3,500,000	2,389,483.86	2,724		100%			2,392,208	\$1,107,792
Timing/Scoring & Race Control Building	1,600,000	1,433,167.22			100%			1,433,167	\$166,833
Garage Building	900,000	819,922.51			100%			819,923	\$80,077
Tech Building with Showers/bathrooms	900,000	796,054.79			100%			796,055	\$103,945
Maintenance Building	500,000	565,424.80	1,302		100%			566,727	(\$66,727)
Credentials & Security Building	230,000	206,095.16			100%			206,095	\$23,905
Tire Building	500,000	566,953.90			100%			566,954	(\$66,954)
Pavilions	300,000	353,945.57			100%			353,946	(\$53,946)
Landscaping & Beautification	275,000	415,555.20			69%	184,159		599,814	(\$324,814)
Paddock lighting, Public Address & Telco Systems	650,000	500,168.29	33,207		89%	66,767		600,142	\$49,858
Perimeter Fencing, Curbing & Walls etc.	400,000	630,700.98	30,000		100%			660,701	(\$260,701)
Engineering, Architect Fees, Audit & Adm	700,000	1,063,345.53			100%			1,063,346	(\$363,346)
Project Soft Costs including City's direct costs	1,250,000	951,088.49			79%	250,000		1,201,088	\$48,912
Excavating & Other Work	\$1,465,000	2,115,215.85			94%	125,684		2,240,900	(\$775,900)
	\$15,220,000	14,768,838.76	166,337.00	188,100.00		\$1,115,321		16,238,597	(\$1,018,597)
Phase II									
Repair roads on property	\$1,350,000	984,487.00	28,492		73%	\$365,513		1,350,000	\$0
Commerce Park Development	\$1,500,000	0.00			0%	\$1,500,000		1,500,000	\$0
Concession/Souvenir/Medical Bldg.	\$1,500,000	144,237.77	3,165		10%	\$1,352,597		1,500,000	\$0
Spectator Entrance Bridge	\$350,000	0.00			0%	\$350,000		350,000	\$0
TEC Building	\$750,000	311.90			0%	\$749,688		750,000	\$0
Tower Improvements and Fan Amenities	\$500,000	33,682.81			7%	\$466,317		500,000	\$0
Engineering and Architect	\$600,000	4,104.81			1%	\$595,895		600,000	\$0
Excavating Work & Other	\$750,000	0.00		0	0%	\$750,000		750,000	\$0
	\$7,300,000	1,166,824.29	\$31,657	\$955,762		6,130,011		7,300,000	0
Total Phase I and Phase II Projected Costs:									
	\$22,520,000	15,935,663.05	\$197,994	\$1,143,862		\$7,245,332		\$23,538,597	(\$1,018,597)
Additional Projects									
RV & Camping Amenities (Added to Phase I)	750,000	241,980.58	16,355		51%	250,000		508,336	\$241,664
City Water Pump Station (Added to Phase I)	300,000	201,851.88			100%			201,852	\$98,148
Additional Excavating Work(Added to Phase I)	135,000	135,000.00			100%			135,000	\$0
Drag Strip	\$750,000	580,717.31			100%	\$0.00		580,717	\$189,283
	\$24,455,000	17,075,212.82	\$214,349	\$1,143,862		\$7,495,332		\$24,944,502	(\$489,502)
Required		\$15,520,000	\$2,791,372	\$3,500,000					
Difference		\$1,555,212.82	\$2,577,023.00	\$2,356,138					
Notes:									
1) Updated cost estimate now includes \$1,050,000 for Pump Station and RV Amenities not in original Phase I work									
2) Current Soft Costs include both the City's direct costs (\$745,027.24) and portion paid to HPT (\$206,061.25)									
Funding Sources:									
City of Topeka: \$5,860,114 (includes premium and discount)									
STAR Bonds: \$10,458,628									
Federal Funding: \$3,500,000 (\$1,143,862 Grants)									
Private Funds: \$2,791,372 (\$214,349)									

City of Hutchinson

Finance Department

STAR Bond Project Annual Report for 2012

Introduction

On July 6, 2006, Mr. Howard Fricke, Secretary of the Kansas Department of Commerce, approved the Kansas Underground Salt Museum as a special bond project within the meaning of K.S.A. 12-1770a(z) and the issuance of \$4,800,000 in STAR Bonds to finance the Museum project.

This report is submitted in partial compliance with statutory requirements in K.S.A. 12-1774(d). The report includes the following:

1. Status report on the Museum project;
2. Expenditures of the special obligation bond proceeds to date;
3. Projected expenditures of special obligation bond proceeds;
4. Amount of sales tax revenue collected within the redevelopment district;
5. How the sales tax revenue has been spent;
6. Projected sales tax revenue amount; and
7. Anticipated use of projected sales tax revenue.

1) Status Report on the Museum Project

With the payment of Disbursement Request No. 53 in October 2008, the construction of the Kansas Underground Salt Museum was completed.

2) Expenditures of the Special Obligation Bond Proceeds Since Last Report

No expenditures of STAR Bond proceeds have been made since the last report.

3) Projected Expenditures of Special Obligation Bond Proceeds

Total expenditure of STAR Bond proceeds was \$4,800,000 ending in 2008.

4) Amount of Sales Tax Revenue Collected Within the Redevelopment District

From inception to September 30, 2012 the total sales tax revenue collected within the Redevelopment District equals \$4,976,956. This amount includes the City of Hutchinson $\frac{1}{2}\%$ and State of Kansas sales tax revenue as well as the City of Hutchinson share of the Reno County sales tax revenue.

5) How the Sales Tax Revenue Has Been Spent

Through September 2012, \$4,650,029 of the sales tax revenue collected has been used for debt service on the bonds. Interest paid has been \$876,304, and principal paid has been \$3,773,725. Approximately, \$329,557 of sales tax collections are on hand at September 30 to make future debt service payments.

6) Projected Sales Tax Revenue Amount

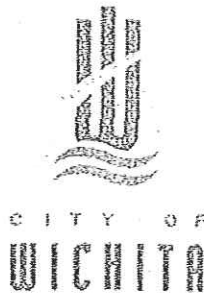
Net remaining principal to be paid equals \$1,026,275. It is projected that future sales tax collections from the Redevelopment District will be approximately \$950,000 annually. Sales Tax collections within the District increased 9.60% from the October through September time period between 2011 and 2012. It is our expectation that an upward trend will continue over the next year as long as the economy does not reverse back into a recession.

7) Anticipated Use of Projected Sales Tax Revenue

At the current rate of collection, the sales tax revenue from the Redevelopment District should be sufficient to retire the bonds by June 2013.

Contact Information

Dennis Bockenstedt, CPA
Director of Finance
City of Hutchinson
(620) 694-2613
dennisb@hutchgov.com



January 8, 2013

Secretary Pat George
Kansas Department of Commerce
1000 S.W. Jackson Street
Suite 100
Topeka, KS 66612-1354

RE: Wichita STAR Financing Annual Report 2012

Dear Secretary George,

The Wichita River District was approved as an eligible area for STAR financing in the fall of 2007, in accordance with K.S.A. 12-1770, *et seq.*, as amended by K.S.A. 12-17,160, *et seq.* The approval was for up to \$13 million (exclusive of interest expense and other financing costs) for three projects: 1) the Keeper of the Plains sculpture, plaza and pedestrian bridge project; 2) the East Riverbank Redevelopment project adjacent to the Broadview Hotel; and 3) the WaterWalk "Waltzing Waters" fountain and public plaza area (including riverbank amenities). Information about the status of the Wichita River District follows, as required in KSA 12-1774(d).

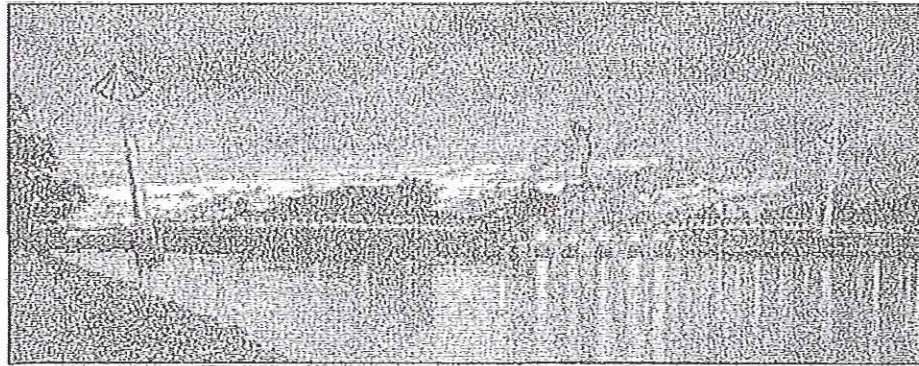
Attachment A provides a summary of the financial status for the public investment in the project. In the original application submitted to the Department of Commerce, the River District project included a budget of \$155.8 million, of which \$68,800,000 would be public investment and \$87,000,000 would be private investment. These amounts were exclusive of debt issuance and interest expenses. The attached status report shows a current budget of \$73.9 million in public investment; however, that budget includes \$2.3 million in ancillary costs associated with management and debt issuance. The public investment has grown approximately \$2.8 million (4%) from the original project budget. Based on the expenditures to-date, the public portion of the project is approximately 94% completed.

Although the private investment in the district is more difficult to precisely identify, there are some known investment amounts that can be reported. The known investments listed below total more than \$72 million. Understandably, the public investment in land acquisition, demolition, streets, utilities and public hardscaping/landscaping occurs in advance of most private investment.

- WaterWalk Main Place and Gander Mountain - \$29 million
- Marriott Fairfield Hotel - \$12.35 million
- Drury Broadview Hotel remodel and renovation - \$29 million
- Wichita Area Association of Realtors office building- \$1.6 million
- Wichita Boathouse renovation - \$650,000

Following is a narrative summary of significant developments within the Wichita River District:

- Gander Mountain, a national retailer of outdoor equipment, opened an 85,000 sq. ft. store in the fall of 2005. Of the 116 Gander Mountain stores in 23 states, the WaterWalk Gander Mountain consistently ranks among the top five stores for sales. Late in 2011, a new 7,500 foot expansion to the store was added for a firearms training academy known as Gander Mountain Academy. The expansion cost between \$2 and \$3 million. Only six of the Gander stores have been outfitted as an academy.



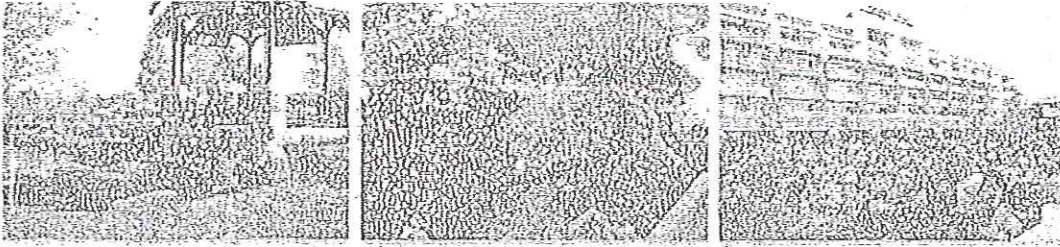
- The Keeper of the Plains Plaza and Pedestrian Bridges project was completed and dedicated to the public in May 2007. The project included refurbishment of the east bank bike path south almost to the Douglas Street Bridge, or to the point north of the bridge where the Broadview Hotel bike path and riverbank project begins.



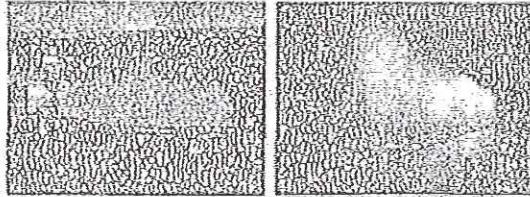
- In the fall of 2008, the City Council approved the necessary agreements for the ownership of the 200-room Broadview Hotel to be transferred to DSW Broadview LLC (Drury Southwest, Inc.) and to ultimately allow for \$29 million in substantial renovations. The historic Broadview Hotel was constructed in 1922 at the northwest corner of Douglas and Waco streets, along the east bank of the Arkansas River. Renovations were completed and the Hotel reopened in August 2011. Concurrent with the hotel renovation, the City completed a \$2.2 million project to improve the landscaping and hardscaping of the riverbank between the Broadview and the Arkansas River and to repair and upgrade the stretch of downtown bike path that passes there. These bike path improvements are adjacent to the bike path improvements associated with the Keeper of the Plains project.
- Construction of the WaterWalk Place building and public parking garage has been completed. More than 20,600 of the 29,115 sq. ft. of commercial office and retail space (over 70%) has been leased, and 38 of the 46 available condominiums have been sold (13 in 2012).



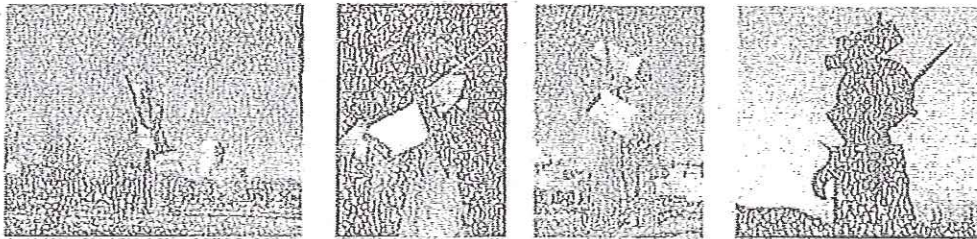
- July 15, 2010 marked the grand opening of the WaterWalk Garden, a beautifully landscaped stream, with small ponds, walkways, a gazebo and public gathering spaces on the west side of the WaterWalk Main Place building. The area has been used to host summer concerts and special events such as a Mother's Day luncheon, a reception for the Honor Flight Veterans, and pre-race dinner in advance of the Komen Race for the Cure event.



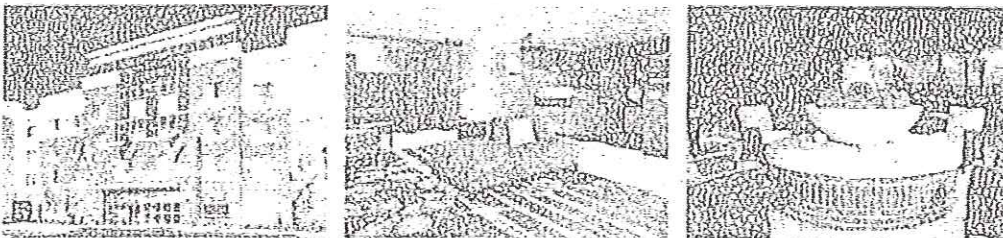
- The City Council awarded a construction contract for Waltzing Waters Fountain in November 2011. The project was completed in October of this year. A plaza area leading from the fountain to the Arkansas River will be designed and constructed in the final phase of the public participation for WaterWalk.



- In the fall of 2010, the City Council approved a contract with nationally renowned artist, Albert Paley, to design and erect a contemporary signature sculpture for the northeast gateway into WaterWalk. The sculpture is completed and located at Main Street and Waterman. The sculpture design includes a brick paved plaza and a backdrop of birch trees, and includes special directional lighting for a unique night time view.



- An agreement was reached in January 2010 for a new 131 room Marriott Fairfield Inn and Suites Hotel. Construction commenced on July 1, 2010 and the hotel open in June of 2011.



Page 4

January 8, 2013

Wichita STAR Financing Annual Report 2012

- The Kansas Sports Hall of Fame invested \$650,000 to remodel the Wichita Boathouse in order to relocate from Old Town to the WaterWalk.

In December, the City

The City of Wichita officially created a redevelopment district in October 2005. The Redevelopment District Plan and designation as a STAR Financing District was officially approved by the Secretary of Commerce in October 2007. In November of 2007, the Kansas Department of Revenue began capturing sales tax revenue from within the district. The base year amount (from which the annual increment is calculated), determined by the sales tax collections within the district a year prior to creation of the district (October 2004 to November 2005), is \$1,167,855. Collections in a calendar year in excess of the base year amount ("the increment") are available for STAR financing. Since November 2007, the STAR District has generated \$8,660,163 (see attachment B).

The City of Wichita and the State of Kansas developed a unique approach to the use of STAR resources for the River District project. Because of this project's unique characteristics, particularly that the district did not begin as a Greenfield, but already contained a number of thriving businesses, it was possible to more efficiently use the STAR resources in essentially a "pay-as-you-go" manner. The State and the City outlined procedures to effect this arrangement in a memorandum of understanding (MOU). The City received the first reimbursement under this agreement in 2011 in the amount of \$4,873,000. A second reimbursement request received was for \$1,627,000. A third request has only recently been submitted for \$1,800,000. If approved the total amount reimbursed would be \$8,300,000. Ultimately, the City still expects to spend \$13 million on projects supported through STAR Financing (exclusive of interest and issuance expenses). Although the private development infill is only now beginning in earnest, factoring only existing businesses and current collection trends, the entire \$13 million could be paid in less than 6 years.

Also provided with this report is an Independent Accountant's Report from Allen, Gibbs, and Houlik, L.C. (AGH). This report was commissioned in compliance with K.S.A. 12-17,160, *et seq.*, to evaluate whether STAR Financing resources have been used for only authorized purposes. The report is included as Attachment C.

Sincerely,



Kelly Carpenter
Director of Finance
City of Wichita
kcarpenter@wichita.gov
(316) 268-4300

Attachments:

- A) Summary of financial status
- B) Wichita River District STAR Financing Resource Tracking
- C) Allen, Gibbs & Houlik, L.C (AGH) Audit Report
- D) Wichita WaterWalk Site Map
- E) Wichita Business Journal Article (March) about Waltzing Waters Fountain

RIVER DISTRICT REDEVELOPMENT PROJECT

PROJECT / COMPONENT	Budget 2011/12	YTD Actual 12/31/12	Balance Available
RIVER DISTRICT - SOURCES			
WaterWalk (435352)			
Tax Increment Financing Bonds	22,652,500.00	13,911,293.34	8,741,206.66
Parking Revenue / Other	0.00	110,841.84	(110,841.84)
Federal grant	247,500.00	0.00	247,500.00
Home Rule Bonds (CIP)	13,900,000.00	12,868,919.82	1,031,080.18
STAR Financing - Fountain & Plaza	4,800,000.00	1,555,000.00	3,245,000.00
Administration/interest & issuance	2,111,801.94	1,741,938.13	369,863.81
TOTAL WaterWalk	43,711,801.94	30,187,993.13	13,523,808.81
River Corridor			
Capital Improvement Program Bonds	19,000,000.00	17,983,517.68	1,016,482.32
Federal grant	2,798,214.00	2,798,213.99	0.01
STAR Financing - Keeper/Ped Bridges	6,000,000.00	4,162,000.00	1,838,000.00
STAR Financing - Broadview Riverbank	2,200,000.00	783,000.00	1,417,000.00
Administration/interest & issuance	225,618.94	515,476.74	(289,857.80)
TOTAL River Corridor	30,223,832.94	26,242,208.41	3,981,624.53
TOTAL SOURCES	73,935,634.88	56,430,201.54	17,505,433.34
RIVER DISTRICT - USES			
WaterWalk (435352)			
Land, A&E, Demolition (792382)	7,775,581.04	7,753,773.82	21,807.22
Waterway & Riverbank (792422)	8,010,004.65	6,629,499.10	1,380,505.55
Waltzing Waters Fountain/Plaza (792537)	4,300,000.00	3,715,084.30	584,915.70
Riverbank amenities (792538)	200,000.00	0.00	200,000.00
Parking (792423)	3,687,755.52	3,677,755.52	10,000.00
Parking (792423) HR	6,900,000.00	6,910,000.00	(10,000.00)
Streets and Utilities (792424)	3,342,462.30	3,340,373.30	2,089.00
Public Art (792425)	115,276.67	115,276.67	0.00
Gander Mountain (792426) HR	5,968,919.82	5,968,919.82	0.00
Destination Restaurant (792528) HR	1,000,000.00	0.00	1,000,000.00
Contingency (792488)	300,000.00	0.00	300,000.00
Subtotal WaterWalk	41,600,000.00	38,110,682.53	3,489,317.47
Interest & bond issuance (792458)	1,251,801.94	1,234,244.80	17,557.14
Project Management (792457)	860,000.00	507,693.33	352,306.67
TOTAL WaterWalk	43,711,801.94	39,852,620.66	3,859,181.28
River Corridor			
Keeper of the Plains Plaza (405209)	19,368,574.46	18,474,030.18	894,544.28
Arkansas River Pedestrian Bridges (242107)	8,429,639.54	8,429,639.54	0.00
Broadview Riverbank (208459) STAR	2,200,000.00	2,130,950.29	69,049.71
Administration, interest & bond issuance	225,618.94	515,476.74	(289,857.80)
TOTAL River Corridor	30,223,832.94	29,550,096.75	673,736.19
TOTAL USES	73,935,634.88	69,402,717.41	4,532,917.47
USES OVER (UNDER) SOURCES			
WaterWalk (435352)	0.00	(9,664,627.53)	
River Corridor (405209/242107/208459)	0.00	(3,307,888.34)	
TOTAL RIVER DISTRICT¹	0.00	(12,972,515.87)	

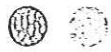
*Includes encumbrances.

¹Negative balances reflect expenses not permanently financed and currently offset through temporary notes.

Kansas State Department of Revenue

City of Wichita STAR Financing District Revenue

Date	Deposits	Disbursements	Net	Balance Remaining
Total CY 08	\$ 1,021,353.20	\$ -	\$ 1,021,353.20	
Running Balance				\$ 1,021,353.20
Total CY 09	\$ 1,968,354.48	\$ -	\$ 1,968,354.48	
Running Balance				\$ 2,989,707.68
Total CY 10	\$ 2,145,520.73	\$ -	\$ 2,145,520.73	
Running Balance				\$ 5,135,228.41
Jan-11	\$ -	\$ -	\$ -	
Feb-11	\$ -	\$ 4,873,000.00	\$ (4,873,000.00)	
Mar-11	\$ -	\$ -	\$ -	
Apr-11	\$ -	\$ -	\$ -	
May-11	\$ -	\$ -	\$ -	
Jun-11	\$ 89,346.12	\$ -	\$ 89,346.12	
Jul-11	\$ 193,989.47	\$ -	\$ 193,989.47	
Aug-11	\$ 197,810.86	\$ -	\$ 197,810.86	
Sep-11	\$ 204,992.89	\$ -	\$ 204,992.89	
Oct-11	\$ 184,451.06	\$ -	\$ 184,451.06	
Nov-11	\$ 281,789.08	\$ -	\$ 281,789.08	
Dec-11	\$ 270,635.98	\$ -	\$ 270,635.98	
Total CY 11	\$ 1,423,015.46	\$ 4,873,000.00	\$ (3,449,984.54)	
Running Balance				\$ 1,685,243.87
Jan-12	\$ -	\$ 1,627,000.00	\$ (1,627,000.00)	
Feb-12	\$ -	\$ -	\$ -	
Mar-12	\$ -	\$ -	\$ -	
Apr-12	\$ 23,070.84	\$ -	\$ 23,070.84	
May-12	\$ 277,758.62	\$ -	\$ 277,758.62	
Jun-12	\$ 184,365.86	\$ -	\$ 184,365.86	
Jul-12	\$ 251,218.71	\$ -	\$ 251,218.71	
Aug-12	\$ 326,505.19	\$ -	\$ 326,505.19	
Sep-12	\$ 214,686.51	\$ -	\$ 214,686.51	
Oct-12	\$ 227,463.72	\$ -	\$ 227,463.72	
Nov-12	\$ 330,371.52	\$ -	\$ 330,371.52	
Dec-12	\$ 266,478.31	\$ -	\$ 266,478.31	
Total CY 12	\$ 2,101,919.28	\$ 1,627,000.00	\$ 474,919.28	
Running Balance				\$ 2,160,163.15



CITY OF MANHATTAN

2012 STAR Bond Annual Report

On November 27, 2006, the Kansas Secretary of Commerce approved and designated the Downtown Redevelopment Project as a "special bond project" pursuant to the provisions of K.S.A. 12-1770 *et seq.*, as amended, and on December 28, 2006 approved the issuance of up to \$50,000,000 in STAR bonds. On December 1, 2009, \$50 million in STAR Bonds were issued to finance the construction of the Flint Hills Discovery Center as well as expenses related to land acquisition, public infrastructure, streetscape, landscaping, and a public park within the South End of the Downtown Redevelopment Project Area.

The following report has been generated in compliance with statutory requirements in K.S.A. 12-1774(d).

Status of Project

The North Redevelopment Area is near full build-out with only two locations left that are available for lease – one fully constructed shell between Dick's Sporting Goods and Bed Bath and Beyond and one vacant lot available for construction. The final phase of housing is nearing completion. A total of 156 units will be available along North 4th Street by the summer of 2013. As the main revenue generator for STAR Bonds, the North Redevelopment Area is maintaining a level of output consistent with the consultant's report generated in 2009 at the time the bonds were issued.

The Flint Hills Discovery Center opened in April 2012. The immediate success and support of the Flint Hills Discovery Center has been evident in the attendance statistics reported for the first five months of operation. Approximately 38,000 visitors have come to experience the facility since its opening in April, fulfilling 75% of the annual projections for 2012. The Flint Hills Discovery Center has over 100 volunteers and has held several free public events educating those who attend about the history of the region. Young minds are expanded through educational classes and a strong partnership exists with the surrounding elementary and secondary schools. Most of all, the Flint Hills Discovery Center offers people of this community and this region a clearer insight into the very special place of the Flint Hills—their home. For more information, visit the Flint Hills Discovery Center Website at <http://www.flinthillsdiscovery.org>.

The Hilton Garden Inn, conference center, and parking garage concluded construction and held a grand opening to the public on November 30, 2011. Conferences, receptions and community events have utilized the Conference Center almost every weekend since its opening. Blue Earth Plaza, across the street from the hotel and conference center, was completed in April 2012. The name Blue Earth Plaza was derived from the name of the Blue Earth Lodge Village that was located near Manhattan and the PrairyErth archaic name for the soils of the region. Blue Earth Plaza features an interactive water feature, outdoor fireplace, and shade structure among extensive landscape plantings. The primary Plaza area surrounding the shade structure was designed as a rentable space for family gatherings, receptions, and public functions.

The City has finalized a development agreement with a local developer which would include two hotels and a mixed use building for the lot referred to as the 'Retail/Theater Tract' in the bond